

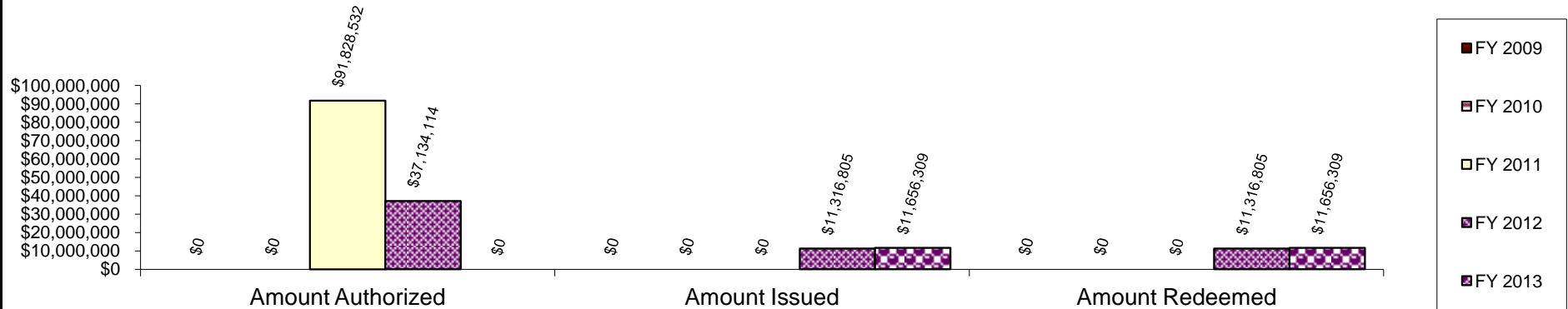
TAX CREDIT ANALYSIS

Program Name: Manufacturing Jobs Act					
Department: Economic Development		Contact Name & No.: Brenda Horstman 751-3713			Date: October 2011
Program Category: Business Retention			Type: Tax Credit <input type="checkbox"/> Other (specify) <u>Retention of withholding taxes</u>		
Statutory Authority: 620.1910, RSMo			Applicable Taxes: Withholding tax		
Program Description and Eligibility Requirements: A business with NAICS code of 33611 may retain withholding taxes in the amount of 100% for retained full time employees for the creation of a new product line for 10 years or retain 50% of the withholding taxes for the modification or expansion to an existing product for 7 years. A qualified supplier of an eligible manufacturer may retain 100% of withholding taxes for new jobs (creation of 5 new jobs threshold to qualify) for a period of 3 years or, if wages are in excess of 120% of county average, for 5 years.					
Explanation of How Award is Computed: Entitlement <input checked="" type="checkbox"/> Discretionary <input type="checkbox"/> The eligible manufacturer commits to make a capital investment of at least \$75,000 per retained job, or in the case of a modified / expansion of an existing product, commits to make a capital investment of at least \$50,000 within no more than two years of the date the company begins to retain withholdings. For the eligible supplier, the company must derive more than 10% of the total annual sales from the qualified manufacturer and add five or more new jobs.					
Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual <u>\$15 million per year for manufacturing companies</u> None <input type="checkbox"/>					
Explanation of Cap: Maximum amount of withholding tax that can be retained by any one qualified manufacturing company shall not exceed \$10 million per calendar year and the aggregate amount for all qualified manufacturing companies shall not exceed \$15 million per calendar year. There are no annual limits for qualified suppliers.					
Explanation of Expiration of Authority: This program sunsets on October 12, 2016, unless reauthorized by the Missouri General Assembly.					
Specific Provisions: (if applicable) Carry forward _____ years Carry Back _____ years Refundable <input type="checkbox"/> Sellable/Assignable <input type="checkbox"/> Additional Federal Deductions Available <input type="checkbox"/>					
Comments on Specific Provisions:					
	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 (current year)	FY 2013 (budget year)
Certificates Issued (#)	N/A	N/A	1	1	0
Projects (#)	N/A	N/A	1	1	0
Amount Authorized	N/A	N/A	\$91,828,532	\$37,134,114	\$0
Amount Issued	N/A	N/A	\$0	\$11,316,805	\$11,656,309
Amount Redeemed	N/A	N/A	\$0	\$11,316,805	\$11,656,309
EST. Amount Outstanding	N/A	N/A	0	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	91,828,532	N/A	N/A

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HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2011 ACTUAL	Other Fiscal Period (10 years)	Derivation of Benefits Investment: (a) \$288,750,000 in durable equipment spending in 2011. Employment: (a) 3,850 retained jobs in motor vehicle manufacturing at specified wages in 2011-2020. Other Assumptions: (a) real wage growth begins in 2012. Incentives/Credits: (a) \$91,828,532 in authorized Manufacturing Jobs credit, redeemed between 2011-2020. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-PI+Statewide Model (remi-fiscal-PI+aug11).
BENEFITS			
Direct Fiscal Benefits	\$34,657,662	\$325,655,089	
Indirect Fiscal Benefits	\$16,506,460	\$155,100,269	
Total	\$51,164,122	\$480,755,358	
COSTS			
Direct Fiscal Costs	\$9,182,853	\$82,653,343	
Indirect Fiscal Costs	\$0	\$0	
Total	\$9,182,853	\$82,653,343	
BENEFIT: COST	5.57	5.82	

Other Benefits:

In FY-2011, every dollar of authorized program tax credits returns

\$62.13 in new personal income totaling \$570.50 million
 \$146.49 in new value-added/GSP totaling \$1,345.20 million
 \$421.60 in new economic output totaling \$3,871.52 million

Over 10 YEARS, every dollar of authorized program tax credits returns

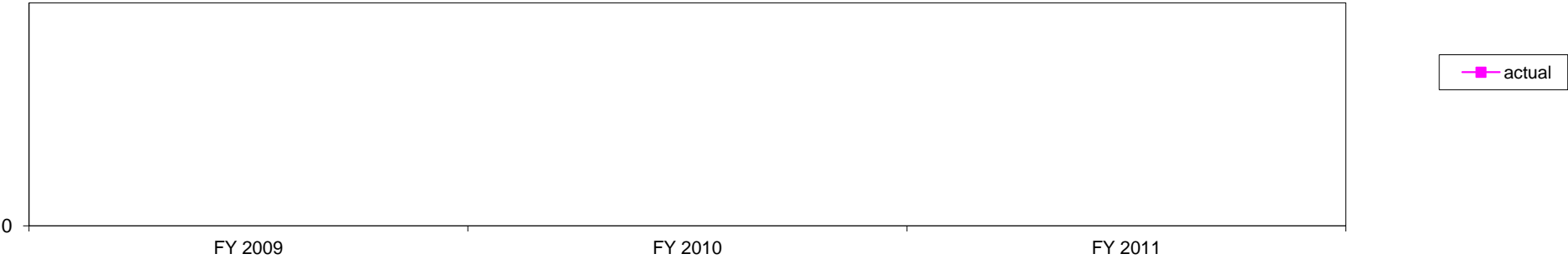
\$79.43 in new personal income totaling \$6,564.91 million
 \$183.70 in new value-added/GSP totaling \$15,183.36 million
 \$542.79 in new economic output totaling \$44,863.81 million

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PERFORMANCE MEASURE(S)

Permanent Jobs Retained



Comments on Performance Measure: By statute, cannot begin receiving benefits until January 1, 2012.

Investment



Comments on Performance Measure: By statute, cannot begin receiving benefits until after January 1, 2012.